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UNITED STATES DEPARTMENT OF AGRICULTURE
FEDERAL CROP INSURANCE CORPORATION

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REGULATIONS

RELATING TO WHEAT CROP INSURANCE

Issued April 1938



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United States Department of Agriculture

FEDERAL CROP INSURANCE CORPORATION

REGULATIONS RELATING TO WHEAT CROP INSURANCE

The wheat crop insurance program administered by the Federal Crop Insurance Corporation is part of the general program of the United States Department of Agriculture for the benefit of agriculture.

By virtue of the authority vested in the Federal Crop Insurance Corporation by the Federal Crop Insurance Act, approved February 16, 1938, these regulations are hereby published and prescribed to be in force and effect until amended or superseded by regulations hereafter made.

Part 1. Definitions

SECTION 1. Meaning of terms.—For the purposes of the Federal crop-insurance program, the term—

Department means the United States Department of Agriculture.

Corporation means the Federal Crop Insurance Corporation.

Board means the board of directors of the Corporation.

Manager means the manager of the Corporation.

Branch manager means the representative of the Corporation in charge of a branch office of the Corporation.

Policy means the wheat crop insurance policy issued by the Corporation.

Application means the form prescribed by the Corporation for the purpose of applying for a policy.

Base period means the crop years 1930–35, both inclusive.

Adjusted average yield means the average of the recorded or appraised annual yields of wheat per seeded acre on the farm for the base period adjusted so as to reflect yields thereon for the 10-year period 1926–35, both inclusive.

Insured percentage means the percentage of the adjusted average yield covered, or to be covered, by insurance, and shall be either 50 or 75 percent.

Total insured production means the maximum number of bushels with respect to which the insured may be indemnified under the policy.

Winter wheat means wheat seeded in the fall or winter, the germination of which is followed by a period of dormancy.

Spring wheat means all wheat other than winter wheat.

Wheat crop means all winter wheat and spring wheat on the farm in any crop year which is normally harvested in that crop year.

Crop year means the period within which a wheat crop is normally seeded and harvested. A crop year shall be designated by reference to the calendar year in which the wheat crop is normally harvested.

Person means an individual, partnership, corporation, association, a State, or any governmental agency.

*Operator*¹ means a person who as owner, share tenant, or sharecropper, is operating a farm and is entitled to receive all or a portion of the wheat crop produced thereon or the proceeds thereof.

*Owner*¹ means a person who owns land which is not rented to another for cash or for a fixed commodity rent, or who rents land from another for cash or for a fixed commodity rent, or who is purchasing land on installments for cash, for a fixed commodity payment, for the crop from a fixed acreage, or for a share of the crop, whether or not such person is a landlord.

Landlord means a person having an interest in a farm as owner, who rents the farm to a tenant, and is entitled to a portion of the wheat crop produced on such farm, as rent, by virtue of terms of lease or operating agreement.

¹The terms "owner" and "operator" shall not include any person whose interest in a wheat crop exists by virtue of a creditor relationship, or any person whose interest exists on account of a lien, mortgage, garnishment, levy, execution, bankruptcy, or any other legal process.

Share tenant means a person other than an owner or sharecropper who is operating a farm and is entitled to receive a portion of the wheat crop produced thereon or the proceeds thereof. If a share tenant sublets a farm to another person and both such persons are entitled to share in the wheat crop produced thereon, or in the proceeds thereof, both shall be deemed share tenants.

Sharecropper means a person who works a farm under the general supervision of another person and is entitled to receive for his labor a share of the wheat crop produced thereon or the proceeds thereof.

Harvesting means any severance of mature wheat.

Harvesting as grain means any severance of mature wheat for the purpose of using the same for grain, whether threshed or not.

County means a county or any other area designated by the Corporation for the purpose of administering the wheat crop insurance program.

County committee means the committee of farmers designated by the Corporation to assist in the local administration of the wheat crop insurance program.

Noon means noon of standard time at the place where the farm is located.

Part 2. Persons Who May Apply for Insurance

SECTION 20. *Who may apply for insurance.*—Any person who has an interest as owner or operator in a wheat crop to be seeded on a farm may apply for a policy covering his interest in such crop. Separate policies will be issued to landlords and operators.

Applications for insurance shall be accepted only with respect to farms upon which soil conservation and other good farming practices are being followed. Any person who, having obtained a policy, exceeds the wheat acreage allotment established under section 8 of the Soil Conservation and Domestic Allotment Act, as amended, for the farm for the crop year covered by the policy to such an extent that no wheat payment with respect to such farm is earned for such year, shall not be eligible to obtain insurance with respect to such farm for the following year.

Part 3. Determination of Adjusted Average Yield

SECTION 30. *Determination of average yield for the farm for the base period where reliable records are available for at least 4 years of such period.*—(a) For each year of the base period for which reliable and applicable records relating to wheat acreage and production on the farm are available, the county committee shall determine from such records the yield of wheat per seeded acre. Such records shall include the applicant's production, threshing, and sales records, and records for the farm on file with the Agricultural Adjustment Administration.

(b) For each year of the base period for which reliable and applicable records relating to wheat acreage and production on the farm are not available, or in which no wheat was seeded on the farm, the county committee shall determine by appraisal a yield of wheat per seeded acre on the basis of reliable records relating to wheat yields on the farm for other similar years of the base period and to wheat yields in such year on similar farms in the county which were farmed in similar manner.

(c) The average yield of wheat per seeded acre on the farm for the base period shall be the simple average of the yields of wheat per seeded acre on the farm for the 6 years in the base period.

SEC. 31. *Determination of average yield for the farm for the base period where reliable records are available for less than 4 years of such period.*—Where reliable and applicable records relating to wheat acreage and production on the farm are available for less than 4 years of the base period, the county committee shall determine by appraisal the average yield of wheat per seeded acre on the farm for the base period on the basis of yields on the farm in years for which records are available, average yields of wheat per seeded acre on similar farms in the county which were farmed in similar manner, and the average yield for the county for such period. The county average yield for the base period will be determined by the Corporation on the basis of sample farms in the county selected for actuarial purposes.

SEC. 32. *Acreage of wheat seeded in base period.*—In determining the yield of wheat per seeded acre on the farm for each year of the base period, or the average yield for the farm for the base period, as the case may be, the acreage

seeded to wheat shall include: (1) all acres seeded to wheat with the intention of harvesting the same as grain, (2) all acres of volunteer or self-seeded wheat harvested as grain, and (3) all acres of wheat seeded for purposes other than harvest as grain on which the wheat was allowed to ripen and was harvested or otherwise used. Acres reseeded to wheat shall be counted only once.

SEC. 33. *Wheat production in the base period.*—In determining the yield of wheat per seeded acre on the farm for each year during the base period, or the average yield for the farm for the base period, as the case may be, total production shall include: (1) all wheat harvested, or otherwise used after ripening, from acres seeded to wheat with the intention of harvesting the same for grain, (2) all wheat harvested as grain from volunteer or self-seeded acreage, (3) all wheat which was allowed to ripen and was harvested, or was otherwise used, from acres seeded for purposes other than for harvest as grain; but shall not include wheat destroyed by causes insured against after maturity but before threshing or before noon of the first day of October if threshing was not completed on that date.

SEC. 34. *Determination of adjusted average yield for the farm.*—(a) The adjusted average yield for the farm shall be determined by applying the adjustment figure for the county in which the farm is located to the average yield for the farm for the base period. The adjustment figure for the county shall represent the difference between (1) the average yield of wheat per acre for the county as reported by the Department for the 10-year period 1926-35, both inclusive, and (2) the average yield of wheat per acre for the 6-year period 1930-35, both inclusive, on sample farms in the county selected by the Corporation for actuarial purposes. If the average yield for the county for such 10-year period is greater than the average yield on such sample farms, then the adjustment figure for the county shall be added to the average yield for the farm for the base period. If the average yield for the county for such 10-year period is less than the average yield on such sample farms, then the adjustment figure for the county shall be subtracted from the average yield for the farm for the base period.

(b) In counties where wheat is grown on both irrigated and nonirrigated land, adjustment figures for irrigated and nonirrigated farms, respectively, will be determined so as to result in adjusted average yields for such farms which the Corporation determines will be fair and just.

Part 4. Determination of Total Insured Production

SECTION 40. *Total insured production for the farm.*—The total insured production for the farm for the crop year shall be computed by multiplying the proposed acreage of wheat to be seeded for harvest as grain in such year by the adjusted average yield and the insured percentage for the policy.

SEC. 41. *Adjustment of total insured production for the farm.*—If the acreage actually seeded for harvest as grain is less than the proposed acreage, the total insured production shall be adjusted to the basis of the acreage actually seeded. If the acreage actually seeded for harvest as grain is greater than the proposed acreage, the total insured production shall not be adjusted except upon proper application and approval of the Corporation and upon payment of an additional premium to the Corporation.

SEC. 42. *Maximum total insured production for the farm in drought areas.*—In areas designated by the Corporation as drought areas, any application for insurance in which the proposed acreage to be seeded to wheat for harvest as grain is in excess of the average annual acreage seeded to wheat for harvest as grain on the farm during the base period shall be rejected.

SEC. 43. *Total insured production for the policy.*—The total insured production for the policy shall be calculated by multiplying the total insured production for the farm by the percentage specified in the policy as representing the insured's interest in the insured crop.

Part 5. Determination of Premium

SECTION 50. *Determination of the average loss cost per acre for the base period for farms for which a yield of wheat per acre for each year of the base period is determined.*—(a) Loss cost per acre for each year in the base period: For any farm for which the county committee has determined a yield of wheat per acre for each year of the base period, the Corporation shall compute the loss

cost per acre for each year of the base period. Such loss cost shall be the amount by which the yield of wheat for such year is less than the product of the average yield of wheat for the farm for the base period and the insured percentage.

(b) *Average loss cost for the base period:* The average loss cost per acre for the farm for the base period shall be the simple average of the loss costs per acre for the farm for the 6 years of the base period.

SEC. 51. *Determination of average loss cost per acre for the base period for farms for which the average yield for the base period is appraised.*—For any farm for which an average yield for the base period is appraised, the Corporation shall appraise the average loss cost per acre for the base period on the basis of the average loss costs per acre for similar farms in the county which were farmed in similar manner and the average loss cost per acre for the county for such period, taking into consideration losses in yields of wheat on the farm in years of the base period for which information is available.

SEC. 52. *Determination of the adjusted average loss cost per acre for the farm.*—The adjusted average loss cost per acre for the farm shall be determined by applying the loss cost adjustment figure for the county in which the farm is located to the average loss cost per acre for the farm for the base period. The loss cost adjustment figure for the county shall represent the difference between (1) the average loss cost per acre for the years 1930-35, both inclusive, for sample farms in the county selected by the Corporation for actuarial purposes and (2) the adjusted average loss cost per acre for the county. If the adjusted average loss cost per acre for the county is greater than the average loss cost per acre for such sample farms for the 6-year period, then the loss cost adjustment figure for the county shall be added to the average loss cost per acre for the farm for the base period. If the adjusted average loss cost per acre for the county is less than the average loss cost per acre on such sample farms for the 6-year period, then the loss cost adjustment figure for the county shall be subtracted from the average loss cost per acre for the farm for the base period.

SEC. 53. *Adjusted average loss cost per acre for the county.*—The adjusted average loss cost per acre for the county shall be the average of the loss costs per acre during the base period for sample farms in the county selected by the Corporation for actuarial purposes converted to the basis of the 10-year period 1926-35, both inclusive.

SEC. 54. *Premium rate per acre.*—The premium rate per acre for the farm shall be the simple average of (1) the adjusted average loss cost per acre for the farm and (2) the adjusted average loss cost per acre for the county in which the farm is located: *Provided, however,* That the premium rate for an insured percentage of 75 percent shall not be less than five-tenths of a bushel per acre, and for an insured percentage of 50 percent shall not be less than three-tenths of a bushel per acre.

SEC. 55. *Premium for the farm.*—The premium for the farm shall be equal to the number of acres used in computing the total insured production for the farm multiplied by the premium rate per acre for the farm.

SEC. 56. *Premium for the policy.*—The premium for the policy shall be the premium for the farm multiplied by the percentage specified in the policy as representing the insured's interest in the insured crop.

Part 6. Time and Manner of Payment of Premium

SECTION 60. *Time and place of payment of premium.*—Premiums shall be payable at the office of the county committee for the county in which the farm is located. Premiums may be paid either in wheat or the cash equivalent thereof at the option of the insured and shall be payable on or before the due date specified in the premium notice.

SEC. 61. *Payment of premium in wheat.*—When premiums are paid in wheat such payments shall be made by the delivery of a negotiable warehouse receipt representing the quantity, class, and grade of wheat specified in the premium notice. Warehouse receipts shall be accepted only when issued by a warehouse designated in the premium notice. When premiums are paid in a grade of wheat other than that specified in the premium notice, the quantity of wheat deliverable in payment of premiums, determined in accordance with the applicable conversion factors established by the Corporation, shall be designated in the premium notice. In no event shall premiums be paid with wheat of a lower

grade than No. 3 or with wheat not classified as of a straight or unqualified grade. Warehouse receipts will be accepted in payment of premiums only if there are no warehousing charges or other liens outstanding against the wheat represented thereby at the time they are delivered at the office of the county committee for the county in which the farm is located. Premiums shall not be regarded as paid until the warehouse receipts used in payment of such premiums are accepted by a representative of the Corporation duly authorized for that purpose.

If for any reason whatsoever it appears at any time that the transfer of the warehouse receipt to the Corporation did not convey to it complete and unencumbered title to the receipt and the wheat represented thereby, or if at any time the Corporation's title to such receipt or wheat is drawn into question by any person, then, unless the stipulated premium is paid on demand by the Corporation, the policy shall at the option of the Corporation become void, and in case any payments have been made thereunder they shall be refunded to the Corporation.

SEC. 62. *Payment of premium in cash equivalent.*—Payment of premiums in cash equivalent shall be made in cash, check, money order, or bank draft. Checks and drafts will be accepted subject to collection. The cash equivalent of any premium shall be determined by multiplying the number of bushels of wheat of the class and grade specified in the premium notice by the basic market price of such wheat at a basic market designated by the Corporation for the area in which the farm is located less an amount per bushel, fixed by the Corporation, representing freight and other usual charges in connection with the movement and handling of wheat between the local delivery point and the specified basic market.

Part 7. Determination of loss

SECTION 70. *Time of loss.*—Loss shall be deemed to have occurred at the time of the completing of threshing of the insured crop (unless combined and sacked in which event the loss shall be deemed to have occurred 120 hours thereafter) or noon of the first day of October, whichever occurs first, unless there is a total or substantially total destruction of the insured crop at an earlier time in either of which events the loss shall be deemed to have occurred at the time of such total or substantially total destruction, as the case may be. A wheat crop shall be deemed to have been substantially totally destroyed if it has been damaged to such an extent as to make it impracticable further to care for such crop.

SEC. 71. *Amount of loss.*—(a) The amount of loss for which indemnity will be paid under the policy shall be the amount by which the total production of wheat on the farm (with due allowance for losses in production by reason of causes not insured against) multiplied by the percentage stated in the policy as representing the insured's interest in the insured crop is less than the total insured production for the policy. Total production for the farm for the purpose of determining the amount of loss shall include:

- (1) all wheat harvested or otherwise used or disposed of from acres seeded to wheat with the intention of harvesting the same for grain;
- (2) all wheat harvested as grain from volunteer or self-seeded acreage;
- (3) all wheat harvested as grain from wheat acreage seeded for purposes other than harvest as grain;

but not wheat destroyed by causes insured against before threshing (or within 120 hours after threshing if combined and sacked), before removal from the farm, or before noon of October 1, whichever occurs first.

(b) With respect to any acreage which the insured has failed to reseed to wheat in areas and under circumstances where the Corporation determines that it is customary to reseed, or any acreage upon which wheat has been destroyed or the yield reduced by reason of causes not insured against, the production therefrom per acre shall be conclusively presumed to be equal to the adjusted average yield for the farm or the actual yield, whichever is higher.

(c) With respect to any acreage seeded to wheat with the intention of harvesting the same for grain upon which wheat, before maturity, is pastured off, cut for hay, or used for soil conservation, the production therefrom per acre shall be conclusively presumed to be equal to the adjusted average yield for the farm multiplied by the insured percentage.

(d) With respect to any portion of a crop in which the insured's interest is terminated, whether by voluntary transfer or process of law, before the crop

is harvested, the production therefrom per acre shall be conclusively presumed to be equal to the adjusted average yield for the farm or the actual yield, whichever is higher.

SEC. 72. *Appeal*.—If the insured and the adjuster fail to agree as to the amount of loss, the insured may not later than the first day of December next following harvest, appeal for readjustment of the loss to the branch office of the Corporation for the area in which the farm is located.

Part 8. Manner of Payment of Indemnity

SECTION 80. *Manner of payment of indemnity*.—The indemnity under any policy for which the Corporation may be liable shall be paid in wheat or the cash equivalent thereof. The insured may indicate in his proof of loss whether he wishes the indemnity to be paid in wheat or in cash, but the Corporation reserves the right to make payment in a form other than that indicated by the insured.

SEC. 81. *Payment of indemnity in cash*.—Where an indemnity is to be paid in cash, the amount thereof shall be computed by multiplying the amount of loss, in terms of wheat of the class and grade specified for the payment of premiums in the county where the farm is located, by the current basic market price of such wheat at a basic market designated by the Corporation for the area in which the farm is located, less an amount per bushel, fixed by the Corporation, to cover freight and other usual charges in connection with the movement and handling of wheat between the local delivery point and the specified basic market. The current basic market price for any class or grade of wheat at any such designated basic market shall be the basic market price for such wheat for the day when ascertainment of the amount of loss is made by agreement between the insured and the adjuster, subject to the approval of the proof of loss for payment by a duly authorized officer of the Corporation.

SEC. 82. *Payment of indemnity in wheat*.—Where an indemnity is to be paid in wheat, it shall be paid in the form of a warehouse receipt representing wheat of the class and grade specified for the payment of premiums in the county where the farm is located, or its equivalent in wheat of another class or grade (except wheat of a lower grade than No. 3, or wheat not classified as of a straight or unqualified grade) determined in accordance with conversion factors fixed by the Corporation.

(a) If the warehouse receipt represents wheat stored at the local delivery point designated for the payment of premiums in wheat, it shall be for a quantity of wheat equal to the amount of loss.

(b) If the warehouse receipt represents wheat stored at the basic market designated by the Corporation for the area in which the farm is located, it shall represent the amount of loss less an amount of wheat fixed by the Corporation equivalent at the current basic market price to freight and other usual charges in connection with the movement and handling between the local delivery point and the specified basic market of a quantity of wheat equal to the amount of loss.

(c) If the warehouse receipt represents wheat stored at any other point or market, it shall be for a quantity of wheat equal to a number of bushels computed by dividing the amount of the indemnity that would be paid if the indemnity were to be paid in cash by the current market price for such wheat at such other point or market.

The current market prices to be applied under this section, including the determination of the amount of indemnity in cash, shall be such prices for the day when the proof of loss is approved for payment by the Corporation.

SEC. 83. *Determinations of the Corporation to be final*.—The determinations of the Corporation as to the conversion factors to be used in fixing the equivalent of wheat of one class and grade in wheat of another class or grade, the amount of deductions representing freight and other usual charges in connection with the movement and handling of wheat, and the current market prices for any class or grade of wheat shall be final and conclusive, and shall be binding upon the insured.

Part 9. Refund of Premium

SECTION 90. *Computation of refunds of premiums*.—Any refund of premiums (whether made pursuant to the provisions of the contract or required by law) shall be made only in the cash equivalent of the quantity of wheat to be

refunded less an amount, fixed by the Corporation, of not exceeding one-twentieth of 1 cent per day per bushel to cover storage and handling expenses in storage. The period for which such deduction shall be computed shall commence with and include the day following the day on which the premium was delivered at the office of the county committee for the county in which the farm is located and shall end with and include the day upon which application for refund is received by the Corporation at its branch office for the area in which the farm covered by the policy is located. The cash equivalent of any refund shall be determined in accordance with the rules provided by these regulations for the conversion of indemnities into their cash equivalents, except that the current basic market price to be applied under this section shall be such price for the day when payment of the refund is approved by the Corporation. No refund shall be made if the amount thereof is less than \$1.

SEC. 91. *Refund of excess premium.*—In any case where the total insured production is adjusted in accordance with the provisions of section 41 of these regulations, the premiums allocable to the acreage equal to the difference between the acreage used in adjusting such total insured production and the acreage specified in the policy as proposed to be seeded shall be refunded.

SEC. 92. *Death, disappearance, or incompetency of the insured.*—In any case where an insured who is entitled to a refund of premiums has died, become incompetent, has disappeared, or has ceased to act as a fiduciary, such refund will be made to his legal representative or successor or, if no legal representative of his estate or successor has been appointed or is otherwise legally qualified, to the persons beneficially entitled to such refund upon the conditions and in the manner provided in part 10 of these regulations.

SEC. 93. *Assignment of claims for refunds: creditors.*—The provisions of sections 106 (a) and 107 of these regulations shall apply to all claims for refunds.

Part 10. Change of Insured's Interest

SECTION 100. *Termination of interest.*—Except as is otherwise provided in these regulations, if at the time of loss the insured's interest in the crop covered by the policy has been terminated, whether by death, voluntary action, or process of law, no indemnity shall be payable under the policy. The insured's interest shall not be deemed to have been terminated by virtue of the imposition of a lien, whether by voluntary action or process of law, upon the insured crop, or by the appointment of a receiver or moratorium officer with respect to such crop, the commencement of bankruptcy proceedings, or proceedings for the foreclosure of a lien. The insured shall be deemed to have an interest in the crop so long as he has any right of redemption therein or so long as the continued existence of the crop will be of direct financial benefit to him.

SEC. 101. *Diverse interest.*—Subject to the provisions of section 100, if at the time of loss it appears that one or more other persons are joint tenants, tenants in common, or tenants in partnership with the insured with respect to the insured's interest in the crop as stated in the policy, or that the insured has contracted to sell his interest in the insured crop or any portion thereof, or has contracted to sell the farm covered by the policy or any portion thereof, but the sale has not been completed, such other persons, if and insofar as their interests in the crop covered by the policy are not otherwise insured by them or on their behalf against such loss, shall be entitled to the benefit of the policy as their interests may appear. However, the loss may be adjusted with the insured, and payment of any indemnity may be made to the insured in behalf of all persons interested in such crop, whether or not the insured has been authorized to receive such payment by such other persons, and such payment shall constitute a complete discharge of the Corporation's obligation with respect to such loss under the policy.

SEC. 102. *Death, incompetency, or disappearance of the insured.*—(a) *Death.* (1) Before loss with administration: If the insured dies before the time of loss, and his interest in the crop forms part of his estate, payment of any indemnity under the policy will be made to the duly appointed representative of his estate.

(2) After loss with administration: If the insured dies after the time of loss, payment of any indemnity on account of such loss under the policy will be made to the duly appointed representative of his estate.

(3) Before loss without administration: If the insured dies before the time of loss and no legal representative of his estate is appointed or is otherwise

legally qualified, payment of any indemnity under the policy may be made after the expiration of 30 days from the date of death to any one or more of the persons beneficially entitled to share in the insured's interest in the crop as stated in the policy in behalf of all the persons so entitled. Payment will be made under the provisions of this subsection only if the amount of the indemnity is less than 500 bushels and upon the submission of proof satisfactory to the Corporation that the insured's interest in the crop covered by the policy is part of his estate.

(4) After loss without administration: If the insured dies after the time of loss and no legal representative of his estate is appointed or is otherwise legally qualified, then, subject to the conditions outlined in subsection (a) (3) of this section 102, payment of any indemnity under the policy on account of such loss may be made after expiration of 30 days from the date of death to any one or more of the persons beneficially entitled to share in the insured's interest in the crop as stated in the policy in behalf of all the persons so entitled.

(b) Incompetency. (1) Before loss: If, before the time of loss, the insured is judicially declared incompetent to manage his affairs, or his incompetency is otherwise established to the satisfaction of the Corporation, and his interest in the crop covered by the policy remains part of his estate, payment of any indemnity under the policy will be made to the guardian, or other legally constituted representative of his estate appointed by a court of competent jurisdiction, or who is otherwise legally qualified. In such case if no guardian or other legal representative of the insured's estate is appointed, or is otherwise legally qualified, and the amount of the indemnity is less than 500 bushels, payment of any indemnity under the policy may be made to a member of his family standing in the position of a voluntary guardian upon presentation of proof satisfactory to the Corporation that the indemnity is required and is to be used for the purchase of necessities for the incompetent, or for his wife or minor children or other persons dependent upon him for support. If the insured's interest in the crop covered by the policy is terminated by reason of his incompetency, any relative by blood or connection by marriage of the insured who succeeds to such interest, but no other person, shall be entitled to the benefit of the policy.

(2) After loss: If, after the time of loss, the insured is judicially declared incompetent to manage his affairs, or his incompetency is otherwise established to the satisfaction of the Corporation, payment of any indemnity under the policy will be made to the guardian or other legally constituted representative of his estate appointed by a court of competent jurisdiction or who is otherwise legally qualified. If there be no such guardian or other legal representative, and the amount of the indemnity is less than 500 bushels, payment of any indemnity under the policy may be made to a member of the insured's family standing in a position of voluntary guardian upon presentation of proof satisfactory to the Corporation that the indemnity is required and is to be used for the purchase of necessities for the incompetent, or for his wife or minor children or other persons dependent upon him for support.

(c) Disappearance. (1) Before loss: If, before the time of loss, the insured disappears and such insured's interest in the crop covered by the policy is not terminated thereby, any indemnity payable under the policy will be paid to the conservator or other legally qualified representative of his estate. If there be no such conservator or other legal representative, and the amount of the indemnity is less than 500 bushels, payment of the indemnity may be made to any member of the insured's family upon the presentation of proof satisfactory to the Corporation that the proceeds of such indemnity are required and are to be used for the purchase of necessities for the insured's wife or minor children or other persons dependent upon him for support. If the insured's interest in the crop is terminated by reason of his disappearance any relative by blood or connection by marriage of the insured who succeeds to his interest in the crop, but no other person, shall be entitled to the benefit of the policy.

(2) After loss: If, after the time of loss, the insured disappears, payment of any indemnity under the policy will be paid to the conservator or other legally constituted representative of his estate, but if there be no such conservator or other legal representative, and the amount of the indemnity is less than 500 bushels, payment of the indemnity may be made to a member of the insured's family upon presentation of proof satisfactory to the Corporation that the proceeds of such indemnity are required and are to be used for the purchase of

necessities for the insured's wife or minor children or other persons dependent upon him for support.

(3) *Definition of disappearance:* An insured shall be deemed to have disappeared within the meaning of these regulations if he leaves the farm covered by the policy, does not make his whereabouts known to the Corporation, and fails to make claim for indemnity within 90 days after the time of loss.

SEC. 103. *Fiduciaries.*—Any policy issued in the name of a fiduciary who is no longer acting as such will be reissued in the name of, or any indemnity payable thereunder will be paid to, a succeeding fiduciary upon appropriate application and proof satisfactory to the Corporation of his incumbency. In the event that there is no succeeding fiduciary, the policy will be reissued in the name of, or payment of any indemnity payable thereunder shall be made to, the persons beneficially entitled to the interest in the insured crop covered by the policy to the extent of their respective interests upon proper application and proof of the facts: *Provided, however,* That the loss may be adjusted with any one or more of the persons so entitled, and payment may be made to such person or persons in behalf of all the persons so entitled, whether or not the person to whom payment is made has been authorized to receive such payment by the other persons so entitled, and such payment shall constitute a complete discharge of the obligation of the Corporation with respect to the loss for which the indemnity is paid.

SEC. 104. *Payment conditioned upon compliance with provisions of the policy.*—Payment of any indemnity under the policy, whether to the named insured or any other person determined by the Corporation to be entitled to such indemnity in accordance with the provisions of these regulations, will be made only upon full compliance with all the provisions of the policy including the warranties and provisions relating to notice and proof of loss.

SEC. 105. *Determination of person to whom indemnity shall be paid.*—In any case where the insured has died, become incompetent, has disappeared, or has ceased to act as a fiduciary, payment in accordance with the provisions of these regulations will be made only after the facts have been established to the satisfaction of the Corporation. The determination of the Corporation as to the existence or nonexistence of a circumstance in the event of which payment may be made to a person other than the named insured and of the person to whom such payment shall be made shall be final and conclusive. Payment of any indemnity in accordance with an adjustment made with such person shall constitute a complete discharge of the Corporation's obligation with respect to the loss for which such indemnity is paid, and shall be a bar to recovery by any other person.

SEC. 106. *Limitation on transfer.*—(a) *General:* Except as is otherwise provided in these regulations neither the policy nor any claim for indemnity thereunder, or any part or share thereof, or any interest therein, shall be transferable, nor shall any pledge of the policy be recognized. Notwithstanding any assignment, power of attorney, order, or other authority for receiving payment of any claim for indemnity under the policy, any indemnity payable in accordance with the provisions of the policy shall be paid only to persons entitled to the benefit of the policy as provided in the policy and these regulations.

(b) *Assignment to secure loans:* A policy may be assigned, with the approval of the Corporation, as collateral security for a loan made for the payment of the premium or the care of the insured crop. Upon recognition of such assignment by endorsement in writing added to the policy signed by the manager and countersigned by a duly authorized representative of the Corporation, any indemnity payable under the policy will be paid only in cash to the assignee and such other persons as may be entitled to such indemnity as their interests may appear, or by joint check: *Provided, however,* (1) That the assignee's interest shall not exceed the amount of the advance plus a reasonable amount for interest, discount, and other charges, and (2) That payment of any indemnity nevertheless will be subject to all conditions and provisions of the policy. The Corporation's approval of an assignment shall not create in the assignee any right other than that derived from the assignor.

(c) *Assignment of the policy with transfer of crop:* An assignment of the policy before the time of loss will be recognized only in connection with the voluntary transfer by the insured of his entire interest in an insured crop before the crop is cut. Approval of any assignment shall be evidenced by endorsement in writing added to the policy, signed by the manager and countersigned by a duly authorized representative of the Corporation. The Corpora-

tion shall in no case be bound to accept notice of any assignment of the policy, and nothing herein contained shall give any right against the Corporation to any person other than the insured, except to an assignee approved by the Corporation. A transfer made in order to forestall loss of the property covered by the policy by operation of law shall not be regarded as a voluntary transfer within the meaning of these regulations.

SEC. 107. Creditors.—An interest existing by virtue of a debt, lien, mortgage, garnishment, levy, execution, bankruptcy, or any other legal process shall not be considered an interest in an insured crop within the meaning of these regulations.

Any indemnity payable under a policy shall be paid to the insured or other persons entitled to the benefits of the policy under the provisions of the policy and these regulations, notwithstanding any attachment, garnishment, receivership, trustee process, judgment, levy, execution, lien, mortgage, foreclosure, order, decree, or similar process of law, equity, or bankruptcy directed against the insured or such other persons, or against any indemnity alleged to be due to such persons, nor shall the Corporation or any officer, employee, or representative thereof be a proper party to any suit or action with reference to such indemnity or the proceeds thereof nor be bound by any judgment, order, or decree rendered or entered therein. No officer, agent, or employee of the Corporation shall pay, or cause to be paid, to any person other than the insured or other persons entitled to the benefits of the policy any indemnity payable in accordance with the provisions of the policy because of any such process, order, or decree. Nothing herein contained shall excuse any person entitled to the benefits of the policy from full compliance with, or performance of, any lawful judgment, order, or decree with respect to the disposition of any sums paid thereunder as an indemnity.

Part 11. Designation and Location of Farm

SECTION 110. General.—No policy shall be issued to cover more than a single farm. Farm land shall be considered a single farm if it is operated as a unit and the owner and operator each has an undivided interest in all the wheat produced thereon.

SEC. 111. Designation of farm.—(a) For the purposes of the wheat crop insurance program a farm shall mean:

(1) a single tract of farm land under one ownership² and operation, which is operated as a unit, whether or not the owner is the operator; or

(2) separate tracts of farm land under one ownership² and operation, which are operated as a unit, whether or not the owner is the operator (except as provided in subsections (d) and (e) of this section); or

(3) separate tracts of farm land under one ownership² and jointly operated by two or more operators, whether or not one or more of the operators is also the owner.

(b) Where tracts of farm land are owned by different owners,² each such tract shall be considered a separate farm whether or not such tracts are contiguous or operated by the same operator.

(c) Where tracts of farm land under the same ownership² are operated by two or more operators independently, each separate tract shall be considered a separate farm.

(d) Any field-rented tract which, together with any other land, constitutes a farming unit with respect to the rotation of crops, shall be considered a separate farm, but the farming unit shall be used as the basis for determining yields and premium rates.

(e) Where tracts of farm land are under the same ownership² but one or more of such tracts are rented by the owner from another for cash or for a fixed commodity rent, each such rented tract shall be considered a separate farm.

SEC. 112. Where different types of operations are carried out on the same farm.—Where farm land which would otherwise be designated as a single farm is operated as a single unit, but a portion of the land is irrigated land and the remaining portion is dry land, then the irrigated portions and dry-land portions of such land may, in the discretion of the Corporation, be considered separate farms.

² For definition of owner see footnote 1.

SEC. 113. *Location of the farm.*—Where a farm is located partly in two or more adjoining counties in the same State or in different States the farm shall be regarded as located in the county in which the farmstead or principal dwelling is located or, in the absence of a farmstead or principal dwelling, in the county in which the major portion of the farm is located.

Part 12. Miscellaneous

SECTION 120. *Gender and plural meaning of terms.*—Any term used in the masculine or in the singular shall also be construed or applied in the feminine or neuter gender, or in the plural person, wherever the context or application of such term so requires.

SEC. 121. *Fractional units in acres or yields.*—Fractions of acres and yields shall be expressed to the nearest tenth of an acre or tenth of a bushel. Fractions representing five one-hundredths or less shall be dropped and fractions representing more than five one-hundredths shall be considered as a whole tenth.

SEC. 122. *Review of determinations of county committees.*—All determinations by county committees shall be subject to review and approval by duly authorized representative of the Corporation.

Adopted by the board of directors on April 26, 1938.

[SEAL]

M. L. Wilson

Chairman.

Approved April 28, 1938.

H a w a l l a c e

Secretary of Agriculture.



FEDERAL CROP INSURANCE CORPORATION

Supplement No. 1

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United States Department of Agriculture

FEDERAL CROP INSURANCE CORPORATION

AMENDMENTS TO REGULATIONS RELATING TO WHEAT CROP INSURANCE

The regulations relating to wheat crop insurance adopted by the Board of Directors on April 26, 1938, and approved by the Secretary of Agriculture on April 28, 1938, are hereby amended as follows:

1. Section 61 is hereby amended to read as follows:

SEC. 61. *Payment of premium in wheat.*—(a) When premiums are paid in wheat such payments shall be made by the delivery of a negotiable warehouse receipt representing the quantity, class, and grade of wheat specified in the premium notice. Warehouse receipts shall be accepted only when issued by a warehouse designated in the premium notice. In no event shall premiums be paid with wheat of a lower grade than No. 3 or with wheat not classified as a straight or unqualified grade. No warehouse receipt will be accepted in payment of the premium unless it is delivered at the office of the county committee for the county in which the farm is located within the time fixed by the Corporation, and unless there are no warehousing charges or other liens outstanding against the wheat represented by the receipt at the time of such delivery other than the usual charges for receiving, and storage from the date of issuance of the receipt to the time of delivery. Premiums shall not be regarded as paid until the warehouse receipts used in payment of such premiums are accepted by a representative of the Corporation duly authorized for that purpose.

(b) If for any reason whatsoever it appears at any time that the transfer of the warehouse receipt to the Corporation did not convey to it complete and unencumbered title to the receipt and the wheat represented thereby, except as provided in subsection (a) of this section, or if at any time the Corporation's title to such receipt or wheat is drawn into question by any person, then, unless the stipulated premium is paid on demand by the Corporation, the policy shall at the option of the Corporation become void, and in case any payments have been made thereunder they shall be refunded to the Corporation.

2. Section 62 is hereby amended to read as follows:

SEC. 62. *Payment of premium in cash equivalent.*—Payment of premiums in cash equivalent shall be made in cash, check, money order, or bank draft. Checks and drafts will be accepted subject to collection. The cash equivalent of any premium shall be determined by multiplying the number of bushels of wheat of the basic class and grade specified in the premium notice by the basic market price of such wheat at a basic market designated by the Corporation for the area in which the farm is located less an amount per bushel, fixed by the Corporation, representing freight and other usual charges in connection with the movement and handling of wheat between the local station fixed by the Corporation for the farm and the specified basic market.

3. Section 80 is hereby amended to read as follows:

SEC. 80. *Manner of payment of indemnity.*—The indemnity under any policy for which the Corporation may be liable shall be paid in wheat or the cash

equivalent thereof. The insured may indicate in his proof of loss whether he wishes the indemnity to be paid in wheat or in cash, and if payment is to be made in wheat, the point at which he desires such wheat to be delivered, but the Corporation reserves the right to make payment in a form or at a point other than that indicated by the insured.

4. Section 81 is hereby amended to read as follows:

SEC. 81. *Payment of indemnity in cash.*—Where an indemnity is to be paid in cash, the amount thereof shall be computed by multiplying the amount of loss, in terms of wheat of the basic class and grade specified for the payment of premiums in the area where the farm is located, by the current basic market price of such wheat at a basic market designated by the Corporation for the area in which the farm is located, less an amount per bushel, fixed by the Corporation, to cover freight and other usual charges in connection with the movement and handling of wheat between the local station fixed for the farm by the Corporation and the specified basic market. The current basic market price for any class or grade of wheat at any such designated basic market shall be the basic market price for such wheat for the day when ascertainment of the amount of loss is made by agreement between the insured and the adjuster, subject to the approval of the proof of loss for payment by a duly authorized officer of the Corporation.

5. Section 82 is hereby amended to read as follows:

SEC. 82. *Payment of indemnity in wheat.*—(a) Where an indemnity is to be paid in wheat, it shall be paid in the form of a negotiable warehouse receipt representing wheat of the basic class and grade specified for the payment of premiums in the area where the farm is located, or its equivalent in wheat of another class or grade (except wheat of a lower grade than No. 3, or wheat not classified as of a straight or unqualified grade) determined in accordance with conversion factors fixed by the Corporation.

(b) If the warehouse receipt represents wheat stored at the local station fixed for the farm by the Corporation, it shall be for a quantity of wheat equal to the amount of loss.

(c) If the warehouse receipt represents wheat stored at the basic market designated by the Corporation for the area in which the farm is located, it shall represent the amount of loss less an amount of wheat, fixed by the Corporation, equivalent at the current basic market price to freight and other usual charges in connection with the movement and handling between the local delivery point and the specified basic market of a quantity of wheat equal to the amount of loss.

(d) If the warehouse receipt represents wheat stored at any other point or market, it shall be for a quantity of wheat equal to a number of bushels computed by dividing the amount of the indemnity that would be paid if the indemnity were to be paid in cash by the current market price for such wheat at such other point or market. The current market price at such other point or market shall be determined by deducting from the current basic market price at the designated basic market, an amount per bushel, fixed by the Corporation, to cover freight, from the point at which the wheat originated (as shown on the receipted freight bill which is transferred with the warehouse receipt), to the basic market, and adding thereto an amount per bushel representing the freight necessary to move such wheat from such point of origin to the point or market at which the wheat is stored.

(e) When warehouse receipts are delivered as provided in subsection (c) of this section, they shall be accompanied by evidence of the payment of sufficient inbound freight to assure the insured customary transit privileges. When warehouse receipts are delivered as provided in subsection (d) of this section, they shall be accompanied by evidence of the payment of an amount of freight equal to the amount of freight from the point of origin to the point of storage used in making the calculation under said subsection (d).

(f) The current market prices to be applied under this section 82, including the determination of the amount of indemnity in cash, shall be such prices for the day when the proof of loss is approved for payment by the Corporation.

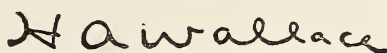
6. Section 122 is hereby amended to read as follows:

SEC. 122. *Review of determinations of county committees.*—All determinations by county committees shall be subject to review and approval or revision by duly authorized representatives of the Corporation.

Adopted by the Board of Directors on May 27, 1938.


Acting Chairman.

Approved June 8, 1938.


Secretary of Agriculture.

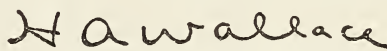
Section 34 of the Regulations Relating to Wheat Crop Insurance, adopted by the Board of Directors on April 26, 1938, and approved by the Secretary of Agriculture on April 28, 1938, is hereby amended by adding thereto the following new subsection:

(c) In any county where the data regarding yields of wheat for the period 1930-35 compiled in connection with wheat adjustment programs are not available for a representative sample of the farms in the county, the adjustment figure for the county will be determined so as to result in adjusted average yields for farms in the county which the Corporation determines will be fair and just.

Approved June 18, 1938.


Acting Manager.

Approved June 24, 1938.


Secretary of Agriculture.

By virtue of the authority vested in the Federal Crop Insurance Corporation by the Federal Crop Insurance Act, approved February 16, 1938, as amended by Public Law No. 691, 75th Congress, approved June 22, 1938, the regulations relating to wheat crop insurance adopted by the Board of Directors of the Federal Crop Insurance Corporation on April 26, 1938, and approved by the Secretary of Agriculture on April 28, 1938, as amended, are hereby further amended:

1. By inserting after Section 62 the following new sections:

SEC. 63. *Deposits of payments to be applied toward future premiums.*—(a) Any person whose application for a policy with respect to any farm has been approved by the Corporation for a current crop year may, subject to the approval of the Corporation, at the time he delivers the premium for such policy,

tender for deposit payments, not in excess of the amount of the premium specified in the premium notice for such policy, to be applied toward the premium on a policy for the next succeeding crop year.

(b) Deposits may be made either in wheat or in cash. Deposits of wheat shall be made in accordance with the provisions of section 61 (a) of these regulations, relating to the payment of premiums in wheat. One warehouse receipt may be delivered to cover both the premium and the deposit.

(c) If, for any reason whatsoever, it appears at any time that the transfer of a warehouse receipt, evidencing a deposit of wheat, to the Corporation did not convey to it complete and unencumbered title to the receipt and the wheat represented thereby, except as is provided in subsection (b) of this section, or if at any time the Corporation's title to such receipt or wheat is drawn into question by any person, then, unless such question is immediately settled without cost to the Corporation, the depositor shall indemnify and save the Corporation harmless against all actions, proceedings, claims, demands, costs, damages, and expenses which may be brought or made against it or which it may pay, sustain, or incur in connection with such receipt or wheat. Without limitation of any other right or remedy of the Corporation, such charges may be set off against any indemnity which may be or become due under any policy issued to the depositor or in which he may have an interest.

(d) All deposits of cash will be credited to the depositor's account in terms of the wheat equivalent of such cash deposit. The equivalent in wheat of any cash deposit will be determined on the same basis as that used in fixing the cash equivalent specified in the premium notice in connection with which the deposit is made.

(e) The depositor shall have no title or interest in any wheat (including any wheat deposited) held by the Corporation. The Corporation shall be liable to the depositor only for the cash equivalent of the amount of wheat credited to the depositor's account, such cash equivalent to be determined in accordance with the provisions of section 90 of these regulations.

SEC. 64. *Deposits not advance premium payments.*—Deposits are accepted by the Corporation only as a convenience to applicants for crop insurance. The acceptance of any deposit shall not place the Corporation under any obligation to issue a policy to the depositor. Depositors will be required to make applications in the same manner and subject to the same regulations as are applicable to other applicants. A policy for any crop year will be issued only in accordance with provisions of the wheat crop insurance program in effect for such crop year.

SEC. 65. *Application of deposits toward premiums.*—A deposit, at the direction of the depositor, will be applied by the Corporation toward the payment of the premium on any policy for which the depositor's application has been approved. In such case, the depositor's account will be charged with an amount of wheat adjusted, as determined by the Corporation, to reflect differences, if any, between the freight and other usual charges in connection with the movement and handling of wheat, and the basic class and grade of wheat, applicable at the place where the deposit was made, and such charges and class and grade of wheat applicable to the policy applied for.

2. Amending Part 9 to read as follows:

PART 9. REFUND OF PREMIUMS AND DEPOSITS

SEC. 90. *Computation of refunds; claims for refunds.*—(a) Any refund of premiums or payments deposited for application toward the payment of future premiums and not so applied (whether made pursuant to the provisions of the contract or these regulations or required by law) shall be made only in the cash equivalent of the quantity of wheat to be refunded less an amount, fixed by the Corporation, of not exceeding one-twentieth of one cent per day per bushel to cover storage and handling expenses in storage. The period for which such deductions shall be computed shall commence with and include the day following the day on which the premium or deposit was delivered at the office of the county committee for the county in which the farm in connection with which the premium or deposit was delivered is located. Such period shall end with and include the day on which payment of the refund is approved by the Corporation.

(b) Claims for refunds shall be made on forms prescribed by the Corporation. Claims for refunds of premiums shall be submitted to the Corporation at

the office of the county committee where the premium was delivered. Claims for refunds of deposits shall be submitted at the office of any county committee. No claim for refund of premium shall be acted upon by the Corporation until it has determined the acreage seeded to wheat on the farm covered by the policy. Except as may otherwise be provided by the Corporation, no claim for refund of a deposit shall be considered prior to the final closing date fixed by the Corporation for the receipt of applications for the crop year for which the deposit was made in the county where the farm in connection with which the deposit was made is located. Nothing in this subsection shall be construed to restrict the Corporation's right to refund any deposit at such earlier time as it may determine.

(c) The cash equivalent of any refund shall be determined in accordance with the rules provided by these regulations for the conversion of indemnities into their cash equivalents, except that the basic market and the current basic market price to be applied under this subsection shall be those applicable for the day when payment of the refund is approved by the Corporation. No refund shall be made if the amount thereof is less than one dollar.

SEC. 91. *Refund of excess premium.*—In any case where the total insured production is adjusted in accordance with the provisions of section 41 of these regulations, the premium allocable to the acreage equal to the difference between the acreage used in adjusting such total insured production and the acreage specified in the policy as proposed to be seeded shall be credited to the insured's account as a deposit to be applied toward the premium on a policy for the next succeeding crop year, unless the insured indicates on a form prescribed by the Corporation at the time he delivers the premium that he elects to have such excess premium refunded. Any amount credited to the insured's account pursuant to this subsection shall be deemed to have been deposited on the date of delivery of the premium.

SEC. 92. *Death, incompetency, or disappearance of person entitled to refund; change of fiduciaries.*—In any case where a person who is entitled to a refund of premium or deposit has died, become incompetent, has disappeared leaving his whereabouts unknown for a period of 150 days, or has ceased to act as a fiduciary, such refund will be made to his legal representative or successor. If no such legal representative or successor has been appointed or is otherwise legally qualified and the quantity of wheat to be refunded, before deduction of storage and handling expenses, is less than 500 bushels, such refund may be made to any one or more of the persons beneficially entitled to share in such refund on behalf of all the persons so entitled upon proof of the facts satisfactory to the Corporation. The determination of the Corporation as to the existence or non-existence of a circumstance in the event of which payment of a refund may be made to a person other than the person who paid the premium or made the deposit, as the case may be, shall be final and conclusive and payment in accordance with such determination shall constitute a complete discharge of the Corporation's obligation with respect to the refund.

SEC. 93. *Assignment of claims for refunds; creditors.*—(a) No claim for a refund, or any part or share thereof, or any interest therein, shall be transferable. Notwithstanding any assignment, power of attorney, order, or other authority for receiving payment of any refunds, such refund shall be paid only to the persons entitled thereto as provided in these regulations.

(b) The provisions of section 107 of these regulations shall be applicable to the payment of refunds.

Adopted by the Board of Directors on July 13, 1938.

M. L. Wilson
Chairman.

Approved July 13, 1938.

H. A. Wallace
Secretary of Agriculture.

Part 5 of the "Regulations Relating to Wheat Crop Insurance," adopted by the Board of Directors on April 26, 1938, and approved by the Secretary of Agriculture on April 28, 1938, is hereby amended by inserting between sections 53 and 54 the following new section:

SEC. 53A. Notwithstanding the provisions of sections 52 and 53, for any county where the data regarding yields of wheat for the period 1930-35 compiled in connection with wheat adjustment programs are not available for a representative sample of the farms in the county, the loss cost adjustment figure and the adjusted average loss cost per acre will be determined so as to result in premium rates for farms in such county which the Corporation determines will be fair and just.

Adopted by the Board of Directors on July 25, 1938.

W. L. Wilson
Chairman.

Approved August 1, 1938.

Harry L. Brown
Acting Secretary of Agriculture.

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